

1 (Whereupon, the following out of.
2 In camera proceedings were had.)
3 JUDGE DOLAN: Mr. Reddick?
4 CROSS EXAMINATION
5 BY
6 MR. REDDICK:
7 Q Good afternoon, Mr. Giesler.
8 A Good afternoon.
9 Q My name is Conrad Reddick from the City of
10 Chicago.
11 I scratched and re-scratched to try to
12 avoid overlap, but I think I was less than totally
13 successful, so I will try to go quickly, but there is
14 bound to be some repetition.
15 Let me take you back to the PWC report
16 that you were discussing with Mr. Jolly.
17 A Okay.
18 Q I don't think you'll need to refer to a
19 specific piece of paper. That report is now done; am
20 I correct?
21 A What do you mean by "done"?
22 Q It is not a continuing project? I mean,

1 that audit is complete?

2 A PWC has action items that, for the most
3 part, are complete, but there are still some open
4 items on that list.

5 Q And the things that you were discussing
6 with Mr. Jolly, those were findings and
7 recommendations from the report, are they all
8 complete or are those some of the action items?

9 A From the PWC assessment?

10 Q Yes.

11 A There are one or two of those that are
12 still open of their recommendations.

13 Q Okay. And as to when we say "open," we
14 mean the implementation of the recommendations being
15 opened?

16 A Correct.

17 Q But the findings and recommendations
18 themselves you view as final?

19 A All deliverables from PWC have been
20 accepted and finalized, that's correct.

21 Q And you just said you are acting on some of
22 their recommendations?

1 A The majority of recommendations, yes.

2 Q Have the majority of them been completed?

3 A Yes.

4 Q And you were, as head of the PMO,
5 responsible for implementing those recommendations?

6 A Correct.

7 Q So as head of PMO, you agreed that some
8 change as improving?

9 A Absolutely. I mean, you're constantly
10 improving processes and procedures.

11 Q And is it true that some of the
12 recommendations required implementation that spread
13 over a period of time, say months, instead of being
14 an instantaneous fix?

15 A I'm sorry. Say that one more time.

16 Q Would some of the recommendations require
17 months to implement as opposed to being a one-time
18 fix?

19 A Yes.

20 Q Would some of them require longer than
21 months, perhaps a year or two?

22 A Yes.

1 Q Is it important for the efficient operation
2 of the AMRP program that those fixes or
3 implementations of recommendations continue even
4 after the reorganization?

5 A I'm just going to check on the open ones.
6 Okay. I'm there.

7 Can you repeat the question.

8 Q The question is whether or not the
9 implementations that take some time -- let me
10 rephrase that.

11 The question was whether it's
12 important that the implementations that take some
13 time continue even after the reorganization?

14 A Yes.

15 Q Have you had any assurances from the
16 proposed new owners that they will continue the work
17 that you have started?

18 A Continue the program?

19 Q The implementations for the recommendations
20 from the PWC?

21 A I have had no contact with WEC.

22 Q So you have seen no concrete steps relating

1 to what happens after the reorganization?

2 A From WEC?

3 Q Yes.

4 A I have no contact with WEC.

5 Q Okay. Let me turn you to your discussions
6 of some of the reports that Mr. Cheaks was
7 discussing.

8 Do you recognize the difference
9 between reports they use for an oversight function
10 and reports that are used for operational purposes?

11 A A lot of times, I believe they could be one
12 and the same.

13 Q And the reports that you use in your AMRP
14 work, how would you describe those?

15 A Are we talking schedule? Costs? We have a
16 lot of reporting, obviously, in a program this size.

17 Q Is the focus of your reports, the reports
18 that you use in your work, assessing what's going on
19 or what has happened in the past?

20 A Well, we have my internal reports for
21 senior management. Our monthly report is both
22 forward and backward looking.

1 Q And are any of the reports that you are
2 using day to day intended to assist you in ongoing
3 construction activities or are they simply looking at
4 the financial results of what has happened in the
5 past?

6 A Both.

7 Q And are they always contained in the same
8 report?

9 A Again, we have several different reports,
10 internal and external.

11 Q Would you acknowledge that reports intended
12 to guide ongoing activity are -- would contain
13 different data from reports designed to look at the
14 after-the-fact results of an activity?

15 A Yes.

16 Q And the reports that the ICC receives from
17 Peoples Gas in connection with AMRP, since that's
18 your area, would you say that they're intended more
19 for looking at things after the fact or to coordinate
20 or guide ongoing activity?

21 A I do not create reports for the ICC.

22 Q So you don't know what reports the ICC gets

1 for assess --

2 A No, that is a different department.

3 Q So you don't know what reports the ICC gets
4 from Peoples Gas?

5 A I do not. I know the general information
6 that goes into those report, but what the final
7 reporting structure is, I do not know.

8 Q And the information going into those
9 reports, is that information intended to guide
10 ongoing construction activities or is that
11 information intended to look at the results of
12 construction activity?

13 A I would assume it is more looking at the
14 result of construction activity.

15 Q You agree that there is a difference
16 between a function of coordinating construction and
17 assessing the results of construction after the fact?

18 A Sorry. One more time.

19 Q I'm trying to see if you will agree that
20 there is --

21 A I'm truly -- it's been a long day. I'm not
22 fighting you on this one.

1 Q This helps me think. (Indicating).
2 -- whether you acknowledge that there
3 is a difference between a function of coordinating
4 construction activity on one hand and assessing the
5 results of construction activity on the other?
6 A I think they're both important.
7 Q But they're different?
8 A Correct.
9 Q Turning back to the report that's
10 Mr. Cheaks was discussing, would you agree that the
11 reports that he's talking about go mainly to
12 coordinating activities and construction operations?
13 A Didn't I answer this just a moment ago?
14 Q No.
15 A I don't have Williams testimony -- I'm
16 sorry -- Mr. Cheaks' testimony.
17 Q You discussed it in your testimony.
18 A Can you point me to that.
19 Q From your memory. That's fine.
20 A Repeat the question.
21 Q Do you agree that the reports that
22 Mr. Cheaks is discussing or proposing relate more to

1 coordinating ongoing construction activity than they
2 do to after-the-fact assessments?

3 A I guess, off the top of my head, I don't
4 remember exactly which reports Mr. Cheaks is
5 discussing in his testimony.

6 Q Do you recall any reports that Mr. Cheaks
7 proposed that would meet the description of serving
8 an after-the-fact assessment function?

9 A Approved planning or after the fact?

10 Q After the fact.

11 A I do not.

12 Q You agree that communication among entities
13 on a job site is important?

14 A I do.

15 Q And that the results of miscommunication
16 could be inefficiencies in construction?

17 A Yes, I suppose they can.

18 Q Safety problems?

19 A They could lead to many issues.

20 Q Can affect the quality of the performance
21 on the job site?

22 A Are we talking reporting?

1 Q No. We're talking construction activity.

2 A In the essence of reporting, I don't know

3 if reporting will have anything to do with the

4 safety --

5 Q I'm sorry. Perhaps I confused you.

6 When I started about "communication,"

7 I was no longer talking about "reporting."

8 Now, I'm talking about when I said "on

9 the job site," I meant activities on the job site.

10 A Communication on a specific job site?

11 Q Yes.

12 A Yeah, it can lead to inefficiencies.

13 Q And miscommunication can affect the quality

14 of the performance, that is how well the job gets

15 done?

16 A I would assume so in some cases.

17 Q Have you found that to be the case in your

18 work?

19 A Miscommunication, I'm sure there are

20 instances of it.

21 MR. REDDICK: Thank you, your Honor.

22 I have no more questions.

1 JUDGE DOLAN: Do you want a minute?

2 MS. KLYASHEFF: Yes, please.

3 THE COURT: Off the record.

4 (Whereupon, a recess was taken.)

5 MS. KLYASHEFF: Your Honor, we have some brief

6 redirect.

7 JUDGE DOLAN: Okay.

8 REDIRECT EXAMINATION

9 BY

10 MS. KLYASHEFF:

11 Q Mr. Giesler, you and counsel for the AG

12 addressed degradation fees and you discussed permit

13 costs and a number of, approximately, \$12 and a half

14 million.

15 And during the course of that

16 discussion, you mentioned a figure of about

17 \$3 million.

18 Could you tell us what your figure

19 represented.

20 A Yeah, the 2012 permit costs for AMRP

21 program was approximately \$3 and a half million

22 dollars.

1 Q You also had some questions concerning
2 moratorium streets also in connection with
3 degradation fees.

4 To your knowledge, does Peoples Gas'
5 planning take moratorium streets into account at all?

6 A Yes. Our Engineering Department, I know,
7 revises engineering plans and headers of gas main to
8 avoid moratorium streets when they can.

9 Q There were also some questions about
10 communicating and miscommunicating.

11 Do you have any examples of how
12 Peoples Gas tries to work with the City and
13 communicate effectively?

14 A Sure.

15 We have -- PGL attends monthly
16 department and water management construction utility
17 coordination meetings. PGL also attends weekly
18 focused meetings coordinated by CDOTs --

19 MR. REDDICK: Your Honor, my question was for
20 more narrower than that. It wasn't specific. It was
21 specifically whether or not communication was
22 important in construction activities. That's all it

1 is. We don't need to regurgitate all of this
2 testimony.

3 JUDGE DOLAN: I'm sorry. What was your
4 question?

5 MS. KLYASHEFF: My question was examples of
6 communications between Peoples Gas and the City.
7 There was considerable --

8 JUDGE DOLAN: Of miscommunications, is what
9 you're talking about?

10 MS. KLYASHEFF: There was considerable question
11 and answer about reporting that City CUB Witness
12 Mr. Cheaks once. And then there was some questions
13 about communications and miscommunications. And I
14 think it's appropriate redirect to discuss those
15 communications with respect to AMRP occur.

16 You're being asked -- you the
17 Commission, are being asked to propose reporting
18 obligations.

19 JUDGE DOLAN: I will overrule the objection.

20 BY MS. KLYASHEFF:

21 Q Mr. Giesler, can you provide a few examples
22 of communication that Peoples Gas has with the City

1 concerning the AMRP.

2 A Yes, some of the meetings that --

3 THE WITNESS: You captured the first one?

4 THE REPORTER: (No response.)

5 THE WITNESS: PGL attends weekly focused group

6 meetings coordinated by CDOT's project coordination

7 office --

8 MR. REDDICK: Pardon me?

9 THE WITNESS: PGL attends the weekly focus

10 group meetings coordinated by CDOT's project

11 coordination office.

12 PGL also attends monthly PGL meetings

13 to discuss PGL capital and O&M construction projects.

14 And I know in attendance is the deputy

15 commissioner of office of underground construction,

16 CDOT, PCL and PGL general managers are in attendance.

17 There is miscellaneous meetings, as

18 needed, to discuss CDOT issues or concerns. And PGL

19 also submits design schedules to the PCO to identify

20 upcoming OUC submittals to support that, as well as

21 other meetings that go on with the office on

22 underground construction.

1 MS. KLYASHEFF: No further questions.

2 JUDGE DOLAN: Any recross?

3 MR. REDDICK: I'm sorry. I apologize.

4 RECROSS EXAMINATION

5 BY

6 MR. REDDICK:

7 Q What were you reading there from,
8 Mr. Giesler?

9 A Some of my hand notes in talking to staff
10 and their meetings with the City.

11 Q I'm sorry?

12 A I had talked with staff members in their
13 meetings with the City over our construction
14 management group.

15 Q No, I said, what were you reading from just
16 now?

17 A My hand notes after discussions with
18 members of my construction management group or PGL's
19 construction management group.

20 Q Oh, you mean today? You're not talking
21 about before you came here, you talked to your staff
22 about what they did?

1 A Before I came here, correct.

2 Q Before you came. These are your
3 handwritten notes from before you came?

4 A Correct.

5 Q Okay. In the meetings that you described,
6 do you provide the information Mr. Cheaks requested?

7 A We provide on occasion three-week look
8 aheads as requested on specific projects. And I
9 believe that was in his --

10 Q Block-by-block request?

11 A On the specific case-by-case, usually has
12 more to do with restoration, yes, we will supply them
13 block-by-block.

14 Q How far in advance?

15 A What's that?

16 Q How far in advance?

17 A Usually, if Mr. Cheaks requests it
18 personally, we get it at his request.

19 Q So it's on an on-request basis?

20 A Correct.

21 Q Not regularly supplied?

22 A Correct.

1 Q And do you provide information on
2 performance, quality of performance, for lack of a
3 better word, during construction practices?

4 A Quality of performance. Quality like?

5 Q One example, how often do you fail to meet
6 the permit construction timeframe?

7 A We do not supply that information.

8 Q Are there other things that Mr. Cheaks
9 requested that are not provided in the list of
10 meetings that you just read?

11 A Again, without looking at the testimony, I
12 would be assuming.

13 Q Aren't you fairly certain there are some
14 things that are not supplied in those meetings?

15 A I'm assuming, there are.

16 Q I don't want you to assume.

17 A I'm on record, so I will have to assume
18 that there are some other documents Mr. Cheaks is
19 looking for that we don't supply today.

20 Q Would you agree that it's likely there are?

21 A I would agree it's likely in the manner in
22 which he's asking for them.

1 Q Is the problem the manner in which he's
2 asking or the data that he's asking for?

3 A I know some of the problems are the
4 granularity. His planning purposes don't necessarily
5 align with a project of this magnitude's planning.

6 The granularity of the scheduling,
7 project by phase is how we layout projects.

8 Q I believe the phrase you used in your
9 testimony was that you hadn't found the business
10 reason for keeping information in that manner?

11 A We're referring back to permitting?

12 Q Some of the requests that Mr. Cheaks made.
13 When the Company's answer was: "We don't keep the
14 information because we haven't found a business
15 reason to do so."

16 A I believe that was in reference to
17 permitting.

18 Q Okay?

19 A Our systems today, if I'm not mistaken,
20 that was work going on beyond the permit end date.

21 Q Correct.

22 My recollection is what I referred to

1 earlier, work that took place outside the permit
2 period.

3 A Correct.

4 Q And your answer was you didn't have a
5 business reason for keeping track of that?

6 A That is correct.

7 MR. REDDICK: Thank you.

8 JUDGE DOLAN: Redirect?

9 MS. KLYASHEFF: No, your Honor.

10 JUDGE DOLAN: All right. Thank you, sir.

11 I believe that Mr. Hesselbach is up
12 and Mr. Jolly has indicated that he has substantially
13 less questions than the hour that he's reserved.

14 What did you say, Ron, about 15, you
15 were thinking?

16 MR. JOLLY: Yeah.

17 JUDGE DOLAN: So if there is no problem with
18 everybody, I would like to go ahead and get our last
19 witness out of the way for the day.

20 MR. EIDUKAS: Your Honor, I call Mr. Andrew
21 Hesselbach.

22 JUDGE DOLAN: All right. Mr. Hesselbach, raise

1 consisting of a narrative exhibit, Joint Applicants
2 Exhibit 13.0, public and confidential versions?

3 A Yes.

4 Q And if I were to ask you the questions that
5 appear in your supplemental rebuttal testimony on
6 behalf of Wisconsin Energy, would your answers today
7 be the same and would they be true and correct
8 subject to any revisions or corrections you may make
9 today?

10 A Yes.

11 Q And do you have any changes or corrections
12 to those documents today?

13 A No.

14 MR. EIDUKAS: Your Honors, I would move for
15 admission of Joint Applicant Exhibit 13.0, public and
16 confidential versions into the record.

17 JUDGE DOLAN: Any objections?

18 (No response.)

19 JUDGE DOLAN: Hearing none, Joint Applicants
20 Exhibit 13.0 public and confidential will be admitted
21 into the record.

22

1 (Whereupon, Joint Applicant
2 Exhibit 13.00 was admitted into
3 evidence.)
4 MR. EIDUKAS: Mr. Hesselbach is tendered for
5 cross-examination.
6 JUDGE DOLAN: Proceed.
7 MR. JOLLY: Thank you, your Honor.
8 CROSS EXAMINATION
9 BY
10 MR. JOLLY:
11 Q Mr. Hesselbach, my name is Ron Jolly. I'm
12 an attorney with the Illinois Attorney General's
13 Office.
14 How are you doing today?
15 A Very well.
16 Q First, I would like to start with your
17 position. You're project director; is that correct?
18 A That's correct.
19 Q Okay. Now, assuming the transaction in
20 this case is approved, do you know who will be
21 managing the AMRP program?
22 A I do not.

1 Q Is it possible it will be you?

2 A I do not know.

3 Q And in looking at the description of your
4 experience here, you work on electric generation
5 projects?

6 A The more recent work I have done has been
7 electric generation projects.

8 Q Have you done work -- again, as I look at
9 your experience, you did do some work for -- in the
10 natural gas area, but that was, what, in the early
11 '90s?

12 A Early mid-90s, depending on what aspects of
13 it.

14 Q Okay. So since that time, you have been
15 working in the electric generation area?

16 A Yes.

17 Q Okay. So you have not been involved in the
18 project -- a natural main gas replacement project in
19 the urban area?

20 A I have not.

21 Q And in the work that you do with respect to
22 electric generation, that does not require that you

1 have frequent, if not daily interaction, with the
2 Transportation Department of a large municipality?

3 A Well, a large municipality, there is often
4 a lot of shipping and deliveries that go through a
5 number of municipalities, but not generally through a
6 large urban area.

7 Q But you're not organizing work in the
8 public way as part of your responsibilities in your
9 current position?

10 A That's not necessarily true.

11 For example, Metra gas plants
12 typically have a gas lateral and that goes through
13 public right-of-way down mains of roads.

14 I worked on wind projects and there is
15 cabling and certainly very large deliveries that take
16 place daily on public roads.

17 Q Okay. Now, as I understand your testimony,
18 you submitted testimony with respect to various
19 findings and recommendations made within the Liberty
20 Interim Report; is that correct?

21 A With regard to the report overall.

22 Q Right.

1 But there were particular findings
2 that -- particular subject areas within the report
3 that you responded to?

4 A Correct.

5 Q And as I understand your testimony without
6 going into detail, your overall testimony was that
7 WEC, Wisconsin Energy, has in place the tools to put
8 in place the various recommendations that Liberty has
9 included in its interim report?

10 A Correct.

11 Q Okay. And you were here for the
12 cross-examination of Mr. Giesler; is that right?

13 A I was.

14 Q And you heard him testify with respect to
15 the plans that are beginning to be put in place to
16 implement various initiatives that are discussed in
17 the interim report? Were you here for that?

18 A I was here for that.

19 Q And have you had any conversations with
20 Mr. Giesler or anybody else at Integrys or Peoples
21 Gas regarding those plans?

22 A I have not.

1 Q Does WEC have any input in the development
2 of those plans?

3 A I'm certainly not aware of it.

4 Q Okay. And assuming this transaction is
5 approved, is it WEC's intention to adopt and pursue
6 the plans that Peoples Gas is beginning to put in
7 place?

8 A I'm not certain and I would say at this
9 point it's not noble. The report is interim. There
10 are steps to responding to an interim report. You
11 want to see the final report. The final report might
12 have changed path from the initial report and that
13 might educate or inform the decisions of the Peoples
14 Gas or whatever group is leading that effort to make
15 adjustments, so I do not know that.

16 MR. JOLLY: We may need to go in camera. I
17 have a couple questions.

18 JUDGE DOLAN: All right. In camera.

19 MR. JOLLY: Thank you.

20 (Whereupon, the following in camera
21 proceedings were had.)
22